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Proposed programme budget for the biennium 2004-2005*

Income section 3 Services to the public

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* The approved programme budget will subsequently be issued in final form as *Official Records of the General Assembly, Fifty-eighth Session, Supplement No. 6 (A/58/6/Rev.1)*.



Income section 3

Services to the public

Overview

- IS3.1 The activities provided for under this section respond to objectives of various programmes of the medium-term plan for the period 2002-2005, as revised (A/57/6 Rev.1). These include subprogramme 24.4, Support services, of programme 24, Management and central support services, through the sale of philatelic and gift items; subprogramme 23.1, Promotional services, in promoting an understanding of the Organization's work through guided tours, lectures/briefings, seminars and special events, and subprogramme 23.4, Publication services, through the sale of United Nations publications, both falling under programme 23, Public information; and subprogrammes 7.5, Statistics, and 7.6, Population, of programme 7, Economic and social affairs, through the sale of statistical and, as of the current biennium, demographic-related products. Other activities provided for under this section that are not individually addressed in the medium-term plan and are essentially revenue-producing activities, namely: the garage, the news-stand and catering operations at Headquarters, and other commercial activities at Vienna, Addis Ababa and Bangkok.
- IS3.2 As was reported to the General Assembly as its fifty-seventh session in the context of the first performance report for the biennium 2002-2003 (A/57/616, annex IV), the operations under this section have been impacted by the combined effect of a downturn in the world economy, compounded by the negative implications that the events of 11 September 2001 had on the United Nations, resulting in the curtailment of public activities and frequent closing of the premises after the attacks. In the light of these developments the services to the public income estimates were revised downwards to reflect not only changes in inflation and exchange rates but also expected decreases in revenues and costs owing to a reduced level of business activities. The General Assembly approved a revised level of \$43,066,000 in gross revenues, more than offset by \$43,637,700 in expenditures, and resulting in an estimated loss of \$571,700 for the biennium 2002-2003.
- IS3.3 The decrease in revenues affected all major operations. The number of visitors paying for tours to the United Nations declined to approximately 284,000 in 2002 and similar attendance is expected for 2003. Consequently, all operations with a financial exposure to the number of visitors were affected. The impact of increased security was also felt in the garage operations at Headquarters, with a corresponding decrease in the sale of daily parking tickets.
- IS3.4 In addition to security-related effects, economic conditions continue to affect the two largest operations. The net income from the operations of the United Nations Postal Administration (UNPA) continues in its downward trend, affected by a decline of the philatelic industry and the ageing and downsizing of the collector base. In addition, the introduction of euro-only stamps in 2002 has further reduced the European market, with the demise of the customer base for Austrian schillings stamps. The General Assembly, in section VI of its resolution 57/292 of 20 December 2002 expressed its concern about the continuing deterioration of UNPA business and requested that all avenues be explored to reverse the trend. Proposals are made in the present section to restructure UNPA to two offices, one in Europe and one in New York, with all operations managed from Headquarters. A separate and detailed report on this issue will be submitted to the General Assembly at its fifty-eighth session. Gross revenue from the sale of publications is expected to remain near its 2002-2003 level. Market conditions and increasing competition from free reference information on the Internet as well as a reduction in the published output of some programmes have not permitted an increase in revenues as originally estimated for the biennium 2002-2003.

Income section 3 Services to the public

- IS3.5 Projected combined net revenue in respect of all services to the public for the biennium 2004-2005 (\$3,591,800) anticipates an increase of \$4,163,500 in comparison with the estimated loss of \$571,700 for the biennium 2002-2003, as detailed in table IS3.2. The increase is largely attributable to estimated cost reductions from rationalized philatelic, garage and catering operations and an estimated lower loss from services to visitors activities, partly offset by lower net income from the sale of publications. Some 16 posts are proposed for abolition.
- IS3.6 Expenditures related to the Revenue Accounts Unit are also scaled down in view of the reduced level of the revenue-producing activities, and are provided for under section B below. Providing for such expenditures under this section responds to the recommendation for a full-cost approach made by the Office of Internal Oversight Services and endorsed by the General Assembly.
- IS3.7 The operations, which are carried out at Headquarters, Geneva, Vienna, Addis Ababa and Bangkok, are directed by the following organizational units: the Department of Public Information, the Department of Economic and Social Affairs, the Office of Central Support Services, the United Nations Office at Geneva, the United Nations Office at Vienna, the Economic Commission for Africa (ECA), the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Office of Programme Planning, Budget and Accounts.
- IS3.8 The percentage distribution of the total gross revenues and expenditures for services to the public during the biennium 2004-2005 is shown in table IS3.1.

Table IS3.1 **Percentage distribution of resources by component**

<i>Component</i>	<i>Income</i>	<i>Expenditure</i>
A. Programme of work		
1. United Nations Postal Administration operations	32.0	32.3
2. Sale of United Nations publications	39.3	37.4
3. Services to visitors	13.8	20.0
4. Revenue services of the Department of Economic and Social Affairs	2.9	2.2
5. Sale of gift items	2.2	-
6. News-stand operations	0.4	-
7. Garage operations	5.4	3.0
8. Catering operations	2.2	2.4
9. Other commercial operations	1.8	1.0
B. Programme support		
Revenue Accounts Unit	-	1.6
Total	100.0	100.0

Table IS3.2 Summary by individual activity: estimates of gross and net revenue

(Thousands of United States dollars)

	2002-2003 approved estimates	2004-2005 estimates	2004-2005 increase (decrease)
A. Programme of work			
1. United Nations Postal Administration operations			
Gross revenue	14 740.3	14 273.8	(466.5)
Less expenses against revenue	16 106.2	13 279.0	(2 827.2)
Net revenue	(1 365.9)	994.8	2 360.7
2. Sale of United Nations publications			
Gross revenue	16 761.9	17 535.3	773.4
Less expenses against revenue	14 277.0	15 372.7	1 095.7
Net revenue	2 484.9	2 162.6	(322.3)
3. Services to visitors			
Gross revenue	5 343.5	6 154.3	810.8
Less expenses against revenue	8 517.8	8 222.3	(295.5)
Net revenue	(3 174.3)	(2 068.0)	1 106.3
4. Revenue services of the Department of Economic and Social Affairs			
Gross revenue	1 279.9	1 288.3	8.4
Less expenses against revenue	895.9	905.1	9.2
Net revenue	384.0	383.2	(0.8)
5. Sale of gift items			
Gross revenue	990.1	992.0	1.9
Less expenses against revenue	19.5	-	(19.5)
Net revenue	970.6	992.0	21.4
6. News-stand operations			
Gross revenue	200.0	200.0	-
Less expenses against revenue	-	-	-
Net revenue	200.0	200.0	-
7. Garage operations			
Gross revenue	2 481.5	2 390.4	(91.1)
Less expenses against revenue	1 597.4	1 238.7	(358.7)
Net revenue	884.1	1 151.7	267.6
8. Catering operations			
Gross revenue	397.1	1 003.1	606.0
Less expenses against revenue	972.2	985.2	13.0
Net revenue	(575.1)	17.9	593.0
9. Other commercial operations			
Gross revenue	871.7	825.4	(46.3)
Less expenses against revenue	502.1	427.4	(74.7)
Net revenue	369.6	398.0	28.4
B. Programme support			
Revenue Accounts Unit	-	-	-
Expenses against revenue	749.6	640.4	(109.2)
Total gross revenue	43 066.0	44 662.6	1 596.6
Less total expenses against revenue	43 637.7	41 070.8	(2 566.9)
Total net revenue	(571.7)	3 591.8	4 163.5

Estimated expenditures against revenue

Table IS3.3 Resource requirements by component

(Thousands of United States dollars)

Regular budget

Component	2000-2001 expenditure	2002-2003 appropriation	Resource growth		Total before recosting	Recosting	2004-2005 estimate
			Amount	Percentage			
1. United Nations Postal Administration operations	16 050.9	16 106.2	(3 391.7)	(21.0)	12 714.5	564.5	13 279.0
2. Sale of United Nations publications	13 363.9	14 277.0	488.0	3.4	14 765.0	607.7	15 372.7
3. Services to visitors	7 572.2	8 517.8	(650.3)	(7.6)	7 867.5	354.8	8 222.3
4. Revenue services of the Department of Economic and Social Affairs	657.1	895.9	(29.3)	(3.2)	866.6	38.5	905.1
5. Sale of gift items	-	19.5	(19.5)	(100.0)	-	-	-
6. Garage operations	1 487.5	1 597.4	(409.7)	(25.6)	1 187.7	51.0	1 238.7
7. Catering operations	850.1	972.2	(28.6)	(2.9)	943.6	41.6	985.2
8. Other commercial operations	16.6	502.1	(89.2)	(17.7)	412.9	14.5	427.4
9. Revenue Accounts Unit	636.6	749.6	(144.6)	(19.2)	605.0	35.4	640.4
Total	40 634.9	43 637.7	(4 274.9)	(9.8)	39 362.8	1 708.0	41 070.8

Table IS3.4 Summary of requirements by object of expenditure

(Thousands of United States dollars)

Object of expenditure	2000-2001 expenditure	2002-2003 appropriation	Resource growth		Total before recosting	Recosting	2004-2005 estimate
			Amount	Percentage			
Posts	19 739.0	20 949.8	(2 862.0)	(13.7)	9 087.8	877.6	18 965.4
Other staff costs	7 380.8	7 816.0	(544.4)	(7.0)	7 271.6	284.5	7 556.1
Non-staff compensation	135.1	152.5	(38.3)	(25.1)	114.2	-	114.2
Consultants and experts	275.4	305.0	(113.1)	(37.0)	191.9	8.6	200.5
Travel of staff	442.0	475.6	(56.7)	(11.9)	418.9	18.5	437.4
Contractual services	4 806.5	5 335.1	(325.0)	(6.0)	5 010.1	199.2	5 209.3
General operating expenses	3 255.8	3 545.8	(346.9)	(9.7)	3 198.9	124.2	3 323.1
Hospitality	3.4	25.0	(8.0)	(32.0)	17.0	0.5	17.5
Supplies and materials	501.0	533.8	(64.3)	(12.0)	469.5	18.6	488.1
Furniture and equipment	318.4	663.0	(66.4)	(10.0)	596.6	22.8	619.4
Other	3 777.5	3 836.1	150.2	3.9	3 986.3	153.5	4 139.8
Total	40 634.9	43 637.7	(4 274.9)	(9.8)	39 362.8	1 708.0	41 070.8

Table IS3.5 Post requirements

Category	Established regular budget posts		Temporary posts				Total	
	2002-2003 ^a	2004-2005 ^b	Regular budget		Extrabudgetary		2002-2003 ^a	2004-2005 ^b
			2002-2003	2004-2005	2002-2003	2004-2005		
Professional and above								
D-1	1	1	-	-	-	-	1	1
P-5	2	3	-	-	-	-	2	3
P-4/3	13	10	-	-	-	-	13	10
P-2/1	4	1	-	-	-	-	4	1
Subtotal	20	15	-	-	-	-	20	15
General Service								
Principal level	8	10	-	-	-	-	8	10
Other level	94	81	-	-	-	-	94	81
Subtotal	102	91	-	-	-	-	102	91
Other categories								
Security Service	2	2	-	-	-	-	2	2
Subtotal	2	2	-	-	-	-	2	2
Total	124	108	-	-	-	-	124	108

^a Three posts frozen (1 D-1, 1 P-5 and 1 P-4).

^b Six posts frozen (1 D-1 and 5 General Service (Other level)).

A. Programme of work

IS3.9 Under the objectives of subprogramme 24.4, Support services, of programme 24, Management and central support services, of the medium-term plan, the Office of Central Support Services provides the management and coordination of the following activities: United Nations Postal Administration and, at Headquarters, the gift shop, the news-stand, the catering and the garage operations. In carrying out these activities during the biennium 2004-2005, the Office will strive to promote greater awareness of the aims and activities of the United Nations and maximize the effectiveness of its operations.

IS3.10 Under the objectives of programme 23, Public information, of the medium-term plan, the Department of Public Information provides coordination and management of the sale of United Nations publications carried out at Headquarters and Geneva, as well as for services to United Nations visitors. The objective of the Department is to provide the widest possible dissemination of information about the United Nations to the general public, while providing net revenues for the Organization from these operations.

1. United Nations Postal Administration operations

Table IS3.6 Estimates of gross and net revenue

(Thousands of United States dollars)

	2002-2003 approved estimates	2004-2005 estimates	2004-2005 increase (decrease)
Gross sales	18 390.3	17 573.8	(816.5)
Less			
(a) Payments for mail carrying and cancellation charges	2 750.0	2 500.0	(250.0)
(b) Refunds adjustments and commissions	900.0	800.0	(100.0)
Gross revenue	14 740.3	14 273.8	(466.5)
Less expenses against revenue	16 106.2	13 279.0	(2 827.2)
Net revenue	(1 365.9)	994.8	2 360.7

Table IS3.7 Summary of requirements by object of expenditure

(Thousands of United States dollars)

Object of expenditure	2000-2001 expenditure	2002-2003 appropriation	Resource growth		Total before recosting	Recosting	2004-2005 estimate
			Amount	Percentage			
Posts	9 441.5	9 580.2	(2 659.1)	(27.7)	6 921.1	333.7	7 254.8
Other staff costs	2 070.4	2 155.5	(83.8)	(3.8)	2 071.7	78.3	2 150.0
Non-staff compensation	135.1	152.5	(38.3)	(25.1)	114.2	-	114.2
Consultants and experts	138.0	78.3	(78.3)	(100.0)	-	-	-
Travel of staff	193.3	129.4	(54.3)	(41.9)	75.1	3.3	78.4
Contractual services	2 784.3	2 903.2	(295.1)	(10.1)	2 608.1	113.7	2 721.8
General operating expenses	853.8	742.1	(83.3)	(11.2)	658.8	25.4	684.2
Hospitality	0.6	16.0	(8.0)	(50.0)	8.0	0.2	8.2
Supplies and materials	315.4	263.1	(80.8)	(30.7)	182.3	7.1	189.4
Furniture and equipment	76.0	85.9	(10.7)	(12.4)	75.2	2.8	78.0
Total	16 050.9	16 106.2	(3 391.7)	(21.0)	12 714.5	564.5	13 279.0

Table IS3.8 Post requirements

Category	Established regular budget posts		Temporary posts				Total	
	2002-2003	2004-2005	Regular budget		Extrabudgetary		2002-2003	2004-2005
			2002-2003	2004-2005	2002-2003	2004-2005		
Professional and above								
D-1	1	1	-	-	-	-	1	1
P-5	1	1	-	-	-	-	1	1
P-4/3	5	2	-	-	-	-	5	2
Subtotal	7	4	-	-	-	-	7	4
General Service								
Principal level	6	6	-	-	-	-	6	6
Other level	47	39	-	-	-	-	47	39
Subtotal	53	45	-	-	-	-	53	45
Total	60	49	-	-	-	-	60	49

- IS3.11 In line with the objectives of subprogramme 24.4, Support services, of programme 24, Management and central support services, of the medium-term plan, UNPA will continue to publicize the work and achievements of the United Nations and the specialized agencies through philatelic sales while at the same time generating revenue.
- IS3.12 The total estimates of gross revenue projected by the UNPA offices of \$14,273,800 are presented in table IS3.6. The estimates reflect the difficult realities of the philatelic market, as it continues its decade-old decline owing to an ageing and shrinking collector base, compounded by a continuing downturn in the major markets, the consolidation of dealerships and, with specific impact on the United Nations operations, by the replacement of Austrian schilling stamps by euro-denominated ones, which do not yet have wide acceptance in the philatelic market. Furthermore, the continuing shift in societal habits away from long-term collection hobbies towards shorter but more instantly gratifying endeavours compounds the inevitable reduction of this market. Stamp collection is a minor element in the overall picture of national administrations, with a primary responsibility in mail carrying, but it is the main source of revenue for UNPA.
- IS3.13 In 2002 UNPA retained the services of a consultant to conduct a full review of the operations and its long-term prospects. The review indicated that, while there was potential for UNPA and its products do enjoy a good reputation, significantly lower revenues, with uncertain hopes of improvement, make the operation, with its current high cost base, no longer viable. The existence of three separate offices in three different countries represents an extremely costly use of resources, creating redundancies and inefficiencies that are no longer affordable. On the revenue side, it was found that UNPA is in dire need of renegotiating payments to national postal administrations, reducing its exposure to the change over from schillings to euros, and reducing, if not phasing out altogether, its current discounts to dealers. Furthermore, UNPA needs to review its product and pricing portfolio and to rationalize its stamp lines.
- IS3.14 The proposal for the biennium 2004-2005 is a transitional arrangement bridging from the current operation to its final form. In order to reduce its reliance on the volatile philatelic market, UNPA will continue implementing a personalized stamps project, which have proved popular in some national administrations with the larger, general public. Further diversification will follow after the introduction of engraved stamps, which are popular with collectors. Both lines of products will be

carried out on an outsourced, net-commission basis, requiring minimal expenditure outflow from UNPA. Pending the full implementation of these initiatives, gross revenue is therefore conservatively estimated at \$14.2 million.

- IS3.15 Optimization of revenues will require a significant rationalization of expenditures. As a transitional measure, it is proposed to reduce the staffing of the combined three offices from 60 posts in 2002-2003, to 49 posts, including 4 Professional (3 in New York and 1 in Vienna) and 45 General Service posts (26, 15 and 4 posts at Headquarters, Vienna and Geneva, respectively). Six additional posts (1 D-1 and 5 General Service) will not be funded and, thus, will be maintained vacant, pending such time as revenues exceed current projections and the operation proves sustainable. Additional staffing reductions may take place upon the final consolidation of all European operations under one office. Furthermore, UNPA will consolidate all design, marketing and purchasing of stamps in its New York office, in order to realize economies of scale. Likewise, all activities will be directed by the Headquarters office of UNPA. The total level of expenditures is estimated at \$13.3 million, representing a decrease of \$3.4 million, or 21 per cent, from the level of the revised estimates of 2002-2003. These expenditure estimates may be subject to revision in the light of the detailed proposals to be made in the report to be presented to the General Assembly at its fifty-eighth session pursuant to resolution 57/292.

Outputs

- IS3.16 During the biennium 2004-2005, the following outputs will be delivered:

- (a) Other substantive activities: printing of philatelic materials. Issuance of United Nations postage stamps and postal stationery, including the subject, design and quantity to be printed; and security and archival safe keeping of postal stocks; maintaining liaison with the postal authorities of the United States of America, Switzerland, Austria and other countries regarding postal and philatelic regulations and procedures; and maintaining liaison with the Universal Postal Union regarding philatelic and postal regulations and procedures. Participation in activities of the World Association for the Development of Philately;
- (b) Administrative support services: marketing. Examination and introduction of new concepts in management and marketing approaches to increase gross sales; and review of current procedures with a view to enhancing efficiency and increasing net income.

Resource requirements (before recosting)

Posts

- IS3.17 The estimated requirements of \$6,921,100, reflecting a decrease of \$2,659,100, relate to the combined costs of the Commercial Management Service and UNPA posts, as detailed in table IS3.8 above. The proposals reflect the following post changes, in view of the proposed restructuring of the operation:
- (a) The redeployment of one P-5 post from the Vienna office to Headquarters, for the functions of Chief of the United Nations Postal Administration;
 - (b) The abolition of one P-3 post and one General Service (Other level) post in the UNPA New York office, reflecting the realignment of functions in the office to concentrate on marketing and operational aspects;
 - (c) The abolition of one P-4 post in the Commercial Activities Service, since the functions of the administration of catering, the gift shop and the news-stand at Headquarters have been absorbed by the Facilities Management Division;

- (d) The abolition of one General Service (Other level) post in the Vienna office and five General Service (Other level) posts in the Geneva office, as a transitional step to restructuring all European operations under a unified European office;
- (e) Six posts (1 D-1 and 5 General Service (Other level)) will not be funded and will be maintained vacant, pending such time when revenues exceed current projections and activities require the activation of any of these posts.

Other staff costs

- IS3.18 The requirement of \$2,071,700, reflecting a decrease of \$83,800, includes: (a) a provision of \$1,920,500 to engage the services of hourly paid workers to perform order processing and preparation of philatelic material for dispatch from Headquarters and the European office; and (b) requirements for overtime during stamp exhibitions, the sale of first-day-of-issue stamps, and other periods of peak workload for UNPA as a whole (\$151,200).

Non-staff compensation

- IS3.19 The requirement of \$114,200, reflecting a decrease of \$38,300, provides for design artwork for philatelic stamps and promotional materials. The decrease reflects the consolidation of traditional product lines.

Travel of staff

- IS3.20 The requirement of \$75,100, reflecting a decrease of \$54,300, covers travel of UNPA staff for promotional and representational activities with respect to establishing cooperation with national postal administrations, maintaining contact with international and national philatelic organizations, developing new sources for the distribution of United Nations postage stamps, representation at major international philatelic shows and coordination of the activities of the UNPA offices. The decrease reflects the consolidation of travel under a unified structure, to reduce unnecessary expenditures.

Contractual services

- IS3.21 The requirements of \$2,608,100, reflecting a decrease of \$295,100, cover: (a) the consolidated cost of printing stamps (\$1,633,300) in all UNPA offices; (b) the overall programme for advertising and promotional activities (\$936,300); and (c) requirements for contractual software applications (\$38,500). The decrease reflects the rationalization of product lines.

General operating expenses

- IS3.22 The requirement of \$658,800, reflecting a decrease of \$83,300, covers maintenance of office automation equipment (\$129,400), communications costs (\$201,900) and miscellaneous services, including stamp affixing and insurance requirements and the cost of stock delivery to dealers and of promotional mailings, envelopes, posters and circulars (\$327,500). The decrease is based on estimated activity levels.

Hospitality

- IS3.23 The requirements of \$8,000, reflecting a decrease of \$8,000, are for hospitality in the context of the promotional activities with philatelic associations and government officials planned as part of the marketing strategy.

Supplies and materials

- IS3.24 The requirements of \$182,300, reflecting a decrease of \$80,800, cover the cost of office supplies, customer statements and other materials required. The decrease reflects the consolidation of costs under the unified structure.

Furniture and equipment

- IS3.25 The requirements of \$75,200, reflecting a decrease of \$10,700, provide for the purchase of additional office equipment for the UNPA offices and the replacement of existing office automation equipment.

2. Sale of United Nations publications

Table IS3.9 **Estimates of gross and net revenue**

(Thousands of United States dollars)

	2002-2003 approved estimates	2004-2005 estimates	2004-2005 increase (decrease)
Gross sales	16 761.9	17 535.3	773.4
Less cost of goods sold	3 816.6	4 120.1	303.5
Gross revenue	12 945.3	13 415.2	469.9
Less expenses against revenue	10 460.4	11 252.6	792.2
Net revenue	2 484.9	2 162.6	(322.3)

Table IS3.10 **Estimates of gross and net revenue by organizational unit**

(Thousands of United States dollars)

	2002-2003 approved estimates	2004-2005 estimates	2004-2005 increase (decrease)
(a) Headquarters			
Gross revenue	9 133.5	9 826.9	693.4
Less expenses against revenue	7 767.4	8 575.3	807.9
Net revenue	1 366.1	1 251.6	(114.5)
(b) Bookshop, Headquarters			
Gross revenue	2 882.6	2 818.8	(63.8)
Less expenses against revenue	2 200.6	2 194.0	(6.6)
Net revenue	682.0	624.8	(57.2)
(c) Geneva			
Gross revenue	4 745.9	4 889.6	143.7
Less expenses against revenue	4 309.0	4 603.4	294.4
Net revenue	436.9	286.2	(150.7)
Total gross revenue	16 761.9	17 535.3	773.4
Less total expenses against revenue ^a	14 277.0	15 372.7	1 095.7
Total net revenue	2 484.9	2 162.6	(322.3)

^a Including the cost of goods sold.

Table IS3.11 Summary of requirements by object of expenditure

(Thousands of United States dollars)

Object of expenditure	2000-2001 expenditure	2002-2003 appropriation	Resource growth		Total before recosting	Recosting	2004-2005 estimate
			Amount	Percentage			
Posts	5 623.3	6 080.0	189.9	3.1	6 269.9	290.6	6 560.5
Other staff costs	505.4	464.9	-	-	464.9	18.8	483.7
Travel of staff	69.5	87.6	-	-	87.6	3.9	91.5
Contractual services	1 793.5	2 149.6	-	-	2 149.6	76.1	2 225.7
General operating expenses	1 468.5	1 328.6	132.9	10.0	1 461.5	51.6	1 513.1
Hospitality	-	4.6	-	-	4.6	0.1	4.7
Supplies and materials	92.4	105.8	-	-	105.8	3.5	109.3
Furniture and equipment	100.5	239.3	15.2	6.3	254.5	9.6	264.1
Other ^a	3 710.8	3 816.6	150.0	3.9	3 966.6	153.5	4 120.1
Total	13 363.9	14 277.0	488.0	3.4	14 765.0	607.7	15 372.7

^a Including the cost of goods sold.

Table IS3.12 Post requirements

Category	Established regular budget posts		Temporary posts				Total	
	2002- 2003	2004- 2005	Regular budget		Extrabudgetary		2002- 2003	2004- 2005
			2002- 2003	2004- 2005	2002- 2003	2004- 2005		
Professional and above								
P-5	1	1	-	-	-	-	1	1
P-4/3	3	4	-	-	-	-	3	4
P-2/1	2	1	-	-	-	-	2	1
Subtotal	6	6	-	-	-	-	6	6
General Service								
Principal level	2	3	-	-	-	-	2	3
Other level	25	24	-	-	-	-	25	24
Subtotal	27	27	-	-	-	-	27	27
Total	33	33	-	-	-	-	33	33

IS3.26 The activities programmed under this heading relate to one of the objectives of subprogramme 23.4, Publication services, of programme 23, Public information, of the medium-term plan for 2002-2005, as revised, which aims to increase readership of United Nations publications in all formats, to broaden general understanding of its activities and to develop support for the Organization. The subprogramme supports this goal through the promotion and sale of United Nations publications, including general marketing and sale of reports, books, periodicals, documents, microforms, databases, videos and CD-ROMs, as well as other electronic products. The activities, including the bookshop operation in New York and the book and gift shop operation in Geneva, are carried out by the Sales and Marketing Section of the Department of Public Information at Headquarters, and the Sales Unit at Geneva under the direction of the Library and Information Resources Division of the Department of Public Information. The subprogramme also coordinates the external publications activities, which are produced by international commercial

publishers of United Nations books, studies, documents and reports. A related aim of the subprogramme is to generate profits for the Organization without adversely affecting the widest possible dissemination of United Nations information to the public.

IS3.27 The Publications Board, under the chairmanship of the Under-Secretary-General for Public Information, has overall responsibility for the establishment and execution of the publications programme, including production, costing and determining the policies governing the sale of published materials.

IS3.28 The downturn in the world economy experienced over the last two years affected the sale of publications, in particular the sales of electronic products. Furthermore, sales of traditional print materials have slowed down, owing to growing competition from increasingly available free reference information on the Internet and reductions in the published output of many programmes. This combination of adverse conditions has led to the downward revision of the initial estimates of revenue for 2002-2003. For the biennium 2004-2005, the programme aims to stabilize the decline in its level of gross income and lay the groundwork to reverse the trend in the direction of those of previous bienniums through a combination of enhanced marketing and new product development. Promotional activities, through the use of the Internet and through the increased promotion of language editions of publications, will continue to complement the traditional methods of promotion, such as direct mailings, advertising and promotional exhibits.

Activities

IS3.29 During the biennium 2004-2005, the following activities will be undertaken:

(a) Other substantive activities:

- (i) Sale of United Nations publications, documents, reports, books, periodicals, microforms, video databases and other published materials;
- (ii) Promotional activities: journal advertisements, direct marketing brochures, sales catalogues, Internet web pages, promotional exhibits at conferences and meetings, e-mail newsletters and other activities and products relating to the advertising and promotion of United Nations publications;
- (iii) Development of United Nations publications and souvenir items with a general appeal that promotes the Organization and have revenue potential;

(b) Administrative support services:

- (i) Supervision of the United Nations bookshop in New York and the book and gift shop in Geneva;
- (ii) Readership surveys and market analysis aimed at providing author departments with feedback on their publications and assessing the effectiveness of promotional activities.

Resource requirements (before recosting)

Posts

IS3.30 The requirements of \$6,269,900, reflecting an increase of \$189,900, relate to the continuation of 33 posts at Headquarters and Geneva. The increase in costs reflects the reclassifications at Headquarters of:

- (a) One P-2/1 post to the P-3 level, to reflect increased responsibilities in organizing annual promotion campaigns, an enhanced utilization of Internet marketing, and the development of web sites for income-generating online databases;
- (b) One General Service (Other level) post to the Principal level, to reflect the level of responsibility and supervisory functions attached to the post for managing customer accounts, coordinating sales and supervising six General Service staff in the Asia and the Pacific Unit of the Section.

Other staff costs

- IS3.31 The requirement of \$464,900, at the maintenance level, covers: (a) general temporary assistance requirements (\$426,400) for replacements during extended leave of staff and additional staff requirements, in particular in the area of sales through the Internet and temporary hiring of advertising copywriters and designers for special work on Internet design, direct-mail pieces, electronic publishing, video, CD-ROM and souvenir items and undertaking market studies; (b) overtime (\$19,200) at both Headquarters and Geneva; and (c) \$19,300 for the engagement of the services of individuals under special service agreements to undertake marketing studies and focus group surveys to assist author departments in the evaluation of their products, and to assess the effectiveness of specific sales activities.

Travel of staff

- IS3.32 The requirement of \$87,600, at the maintenance level, relates to travel of the staff of both the Headquarters and Geneva units in connection with attendance at exhibits, planned visits to sales agents, universities and libraries worldwide and to market focus groups, with a view to promoting and disseminating information about United Nations publications.

Contractual services

- IS3.33 The requirements under this heading (\$2,149,600), at the maintenance level, represent the combined costs of: (a) direct-mail advertising placement of advertisements in the media, including journals, newspapers, radio, brochures and catalogues, rental of exhibit space, Internet service fees and expenses related to selective use of advertising and promotion agencies for United Nations publications both at Headquarters and Geneva (\$983,700); and (b) requirements of \$369,300 at Geneva, and \$796,600 at Headquarters relating to bookshop operations by outside contractors.

General operating expenses

- IS3.34 The requirements of \$1,461,500, reflecting an increase of \$132,900, provide for general operating expenses at both Headquarters and Geneva for: (a) rental and maintenance of electronic data-processing, office automation and other equipment relating to both the sale of publications and bookshop operations (\$98,400); (b) communications requirements to cover pouch, postage and other mailing and shipping costs associated with sales operations at both Headquarters and Geneva (\$957,300); and (c) requirements for miscellaneous services to cover freight costs, bank fees and other miscellaneous requirements (\$405,800). The increase of \$132,900 reflects the level of requirements based on the past expenditure pattern with respect to communications.

Hospitality

- IS3.35 Hospitality requirements (\$4,600), at the maintenance level, are associated with the launching of new publications and an annual promotional activity for customers of United Nations publications.

Supplies and materials

- IS3.36 A provision of \$105,800, at the maintenance level, covers electronic data-processing supplies, other office supplies, sales support materials such as customer packing slips, invoices, account statements, paper bags, carrier bags, wrapping paper, shipping boxes and exhibition kits, both at Headquarters and Geneva.

Furniture and equipment

- IS3.37 The requirements under this heading (\$254,500), reflecting an increase of \$15,200, relate to the acquisition and replacement of office automation equipment, as well as for the acquisition and replacement of office fixtures, cash machines and other equipment required for operating the sales of publications at both Headquarters and Geneva. The increase relates to resources required to upgrade the sales order processing system and its graphic design facilities and to cover software licensing fees for the e-commerce site.

Other

- IS3.38 Requirements of \$3,966,600, reflecting an increase of \$150,000, cover the costs of design, editing and production of publications, purchase of books and other publications from other United Nations agencies for resale, and the inventory requirements for both Headquarters and Geneva. Also included are the costs associated with the marketing and development of electronic products and the maintenance and upgrading of those that are currently being offered for sale. The line is also used for the development of publications of a more general nature, which promote the work of the Organization and are deemed to have strong sales potential, including products on specific events of the United Nations. The increase of \$150,000 would cover the estimated additional requirements stemming from the proposed programme of work.

3. Services to visitorsTable IS3.13 **Estimates of gross and net revenue**

(Thousands of United States dollars)

	2002-2003 approved estimates	2004-2005 estimates	2004-2005 increase (decrease)
Headquarters			
Gross revenue	4 473.0	5 192.3	719.3
Less expenses against revenue	6 366.9	6 409.9	43.0
Net revenue	(1 893.9)	(1 217.6)	676.3
Geneva			
Gross revenue	746.6	826.0	79.4
Less expenses against revenue	1 556.7	1 274.6	(282.1)
Net revenue	(810.1)	(448.6)	361.4
Vienna			
Gross revenue	123.8	136.0	12.2
Less expenses against revenue	594.2	537.8	(56.4)
Net revenue	(470.4)	(401.8)	68.6
Total gross revenue	5 343.5	6 154.3	810.8
Less total expenses against revenue	8 517.8	8 222.3	(295.5)
Total net revenue	(3 174.3)	(2 068.0)	1 106.3

Income section 3 Services to the public

Table IS3.14 Summary of requirements by object of expenditure

(Thousands of United States dollars)

Object of expenditure	2000-2001 expenditure	2002-2003 appropri- ation	Resource growth		Total before recosting	Recosting	2004-2005 estimate
			Amount	Percentage			
Posts	3 234.9	3 577.0	(228.5)	(6.3)	3 348.5	176.5	3 525.0
Other staff costs	3 982.1	4 447.0	(474.2)	(10.6)	3 972.8	156.7	4 129.5
Travel of staff	2.9	2.2	1.8	81.8	4.0	0.2	4.2
Contractual services	184.2	219.4	5.0	2.2	224.4	8.4	232.8
General operating expenses	16.2	57.6	13.8	23.9	71.4	2.9	74.3
Hospitality	2.8	4.4	-	-	4.4	0.2	4.6
Supplies and materials	56.5	111.6	40.1	35.9	151.7	6.7	158.4
Furniture and equipment	85.2	98.6	(8.3)	(8.4)	90.3	3.2	93.5
Other	7.4	-	-	-	-	-	-
Total	7 572.2	8 517.8	(650.3)	(7.6)	7 867.5	354.8	8 222.3

Table IS3.15 Post requirements

Category	Established regular budget posts		Temporary posts				Total	
	2002- 2003	2004- 2005	Regular budget		Extrabudgetary ^a		2002- 2003	2004- 2005
			2002- 2003	2004- 2005	2002- 2003	2004- 2005		
Professional and above								
P-5	1 ^a	1	-	-	-	-	1 ^a	1
P-4/3	3	3	-	-	-	-	3	3
P-2/1	2	1	-	-	-	-	2	1
Subtotal	6	5	-	-	-	-	6	5
General Service								
Principal level	-	1	-	-	-	-	-	1
Other level	15	12	-	-	-	-	15	12
Subtotal	15	13	-	-	-	-	15	13
Total	21	18	-	-	-	-	21	18

^a This post was reclassified from P-4 to P-5 in 2002-2003 following the procedures outlined in A/49/339, paragraph 28, as recommended by the Advisory Committee on Administrative and Budgetary Questions in A/50/7, paragraph 103, and endorsed by the General Assembly in section II, paragraph 1 of its resolution 50/214. The upgrading was offset by the freezing of a D-1 post in the UNPA subprogramme of Income section 3.

IS3.39 The activities relating to servicing of visitors fall under the responsibility of the Department of Public Information. The objective is to promote an informed understanding of the purpose and role of the United Nations to the widest possible audience and to increase the visibility and viability of the United Nations Headquarters and the Offices at Geneva and Vienna as attractions for the general public and specialized groups.

IS3.40 The ability of the guided tour operations to generate revenue has been severely hampered for several years. Since 1993, heightened security measures at Headquarters, Geneva and Vienna have had adverse implications for the operation, as the maximum number of people per guide has been

reduced. Subsequently, the overall number of visitors rose in 1995, reflecting general interest in the United Nations on the occasion of its fiftieth anniversary. The events of 11 September 2001, however, had serious implications for the Headquarters complex, which resulted in the curtailment of activities for several months following the attacks, owing to frequent closing of the complex since then. The number of visitors paying for tours of the United Nations declined to 284,508 in 2002, down from an initial estimate of 403,570, and a similar low level of attendance is expected for 2003. The United Nations Security and Safety Service has eased some of the restrictions on the number of visitors per guide, which had been reduced to 10 visitors per guide following the closure after 11 September. Currently, the restriction to 10 visitors per guide only applies to tours on weekdays for the general public. The ceiling has been increased to 15 visitors per group on weekends, with school groups being allowed as many as 20 students per guide.

- IS3.41 The visitors services at Geneva continue to experience a decline in the number of visitors, while at Vienna the trend indicates some increase. That can be seen in table IS3.16.

Table IS3.16 Actual and estimated number of tour participants

	Headquarters	Geneva	Vienna
1990	496 229	144 210	71 250
1991	473 570	123 772	68 008
1992	474 430	113 955	69 159
1993	415 641	122 633	61 735
1994	389 610	114 594	59 334
1995	415 247	149 784	51 125
1996	420 370	111 979	50 371
1997	415 681	119 101	49 089
1998	431 241	120 394	47 816
1999	437 062	91 375	45 646
2000	388 421	82 217	40 231
2001	344 971	82 798	39 764
2002	284 508	80 943	45 311
2003 ^a	287 800	85 000	50 700
2004 ^a	295 000	88 000	51 000
2005 ^a	303 000	91 000	51 000

^a Estimate.

- IS3.42 In his report on the United Nations visitors' experience (A/55/835) the Secretary-General made a number of proposals to revitalize the operation. Upon reviewing the Secretary-General's report, the General Assembly in its resolution 56/236 of 24 December 2001 resolved that the development of and any decision on the visitors' experience project should be taken in the light of any further decision on the capital master plan. Pending such decision, the Public Services Section at Headquarters continues its schedule of guided tours along the traditional routes. Taking into consideration the rising operational costs, compounded by the required low visitors-to-guide ratios, an increase in ticket prices is planned for each year of the biennium 2004-2005 for all categories of visitors taking the guided tour at Headquarters. Admission fees for 2004 will be as follows: adults, \$10.50; senior citizens, \$8.00; students, \$7.00; and children, \$6.00; and for the year 2005, \$11.50, \$8.50, \$7.50 and \$6.50, respectively. Of the total number of visitors, approximately 47 per cent are expected to be adults, 8 per cent senior citizens and, 42.5 per cent students and children. Approximately 2 per cent of the tickets issued to travel agents, school chaperones, media representatives, members of delegations and United Nations staff members are complimentary.

Income section 3 Services to the public

- IS3.43 At the United Nations Office at Geneva, guided tour operations continued its decline from previous bienniums owing to the tightened security. Owing to the strengthening of security measures, the number of visitors per guide has been reduced to 20, which will result in an increase of the number of working hours for individual guides. The visitors' service at the United Nations Office at Geneva is introducing new measures to restore the number of visitors to pre-1999 levels, such as acceptance of payment in euros, increasing advertisements in Geneva city maps and public places, and increasing the number of school visits through direct mailings. Admission fees for the biennium 2004-2005 will be increased, for the first time since 1996, as follows: adults SwF 9.50; senior citizens and university students SwF 7.50; groups of 20 or more adults SwF 7.60; and children SwF 5.00.
- IS3.44 At Vienna, the number of visitors, mainly tourists and schoolchildren to the Vienna International Centre, is increasing, beginning with the year 2002, owing to various measures implemented by the Visitor Service Unit of the United Nations Office at Vienna to intensify promotion of the United Nations site at Vienna and to increase its visibility. Admission fees charged to the public have not changed since 1994, although a minor increase has resulted from rounding up owing to conversion to the euro. The level of fees is currently under review.

Outputs

- IS3.45 During the biennium 2004-2005, the following outputs will be delivered: other substantive activities:
- (a) Organization and conducting of year-round exhibits and guided lecture tours of and group visits to United Nations Headquarters and the Offices at Geneva and Vienna in approximately 20 languages;
 - (b) Organization of briefing programmes and workshops on various United Nations issues for visiting groups;
 - (c) Organization of speaking engagements by Secretariat officials in response to requests from academic institutions, non-governmental organizations and other interested groups away from Headquarters;
 - (d) Organization of videoconferences linking groups away from Headquarters with Secretariat and delegation officials at Headquarters;
 - (e) Promotional events, such as special programmes for school groups or gatherings for tourism industry representatives, serving public enquiries about the United Nations aimed at attracting more visitors to the United Nations and broadening their understanding of the work of the Organization.

Resource requirements (before recosting)

Posts

- IS3.46 The requirements of \$3,348,500, reflecting a decrease of \$228,500, provide for the continuation of 18 posts in the public services units of the Department of Public Information at Headquarters and Geneva, as detailed in table IS3.15 above. The decrease results from:
- (a) Headquarters: (i) the abolition of one P-2 post in the Public Services Section responsible for administrative functions relating to visitor services, given the reassignment of those functions to the administrative assistant to the Chief of the Section; (ii) the reclassification of the post of the Chief of Section from the P-4 to the P-5 level in view of its multiple responsibilities, including educational outreach activities, managing the United Nations speakers bureau, in

addition to managing the operations and supervising of the Section, composed of 13 staff and some 20 contractual personnel; and (iii) the reclassification of the post of an administrative assistant to the Chief of the Service to the Principal level, to reflect adequately the responsibilities attached to the post following the proposed abolition of the P-2/1 post.

- (b) Vienna: the amount of revenues generated by the services to visitors is just 20 per cent of the operational costs of the activity. The post establishment within this service is disproportionably high compared with similar structures at Headquarters and Geneva. On that basis, it is proposed to abolish two General Service (Other level) posts in the service and replace them with an adequate provision of general temporary assistance resources which could allow for more flexible and adaptable arrangements.

Other staff costs

- IS3.47 The requirements of \$3,972,800, reflecting a decrease of \$474,200, cover the costs of: (a) salaries of 16 full-time public information assistants, 4 tour coordinators, 1 senior tour coordinator, 1 briefing assistant and 1 clerical support staff at Headquarters; and the contracts, on an hourly basis, for 24 guides and 1 cashier in Vienna and 7 guides and 1 cashier in Geneva and a provision of general temporary assistance for the management of the visitor activities in Vienna, following the abolition of two General Service (Other level) posts (\$2,161,400); (b) the recruitment of guides under special service agreements in varying numbers, depending on the time of year, at Headquarters (\$1,806,300); and (c) the provision of \$5,100 for overtime in connection with the operation of the services on holidays. The decrease in the amount of \$474,200 reflects reductions in resources available for special service agreements in the light of lower estimation of revenues.

Travel of staff

- IS3.48 The requirements of \$4,000, reflecting an increase of \$1,800, would provide for travel for consultations with the visitors' services in Geneva and Vienna on issues related to the development of the services, and on operational cost-effectiveness, visitor flow and income-generating and promotional activities.

Contractual services

- IS3.49 The requirements of \$224,400, reflecting an increase of \$5,000, would provide for: (a) the cost of printing information booklets, brochures and pamphlets for distribution to visitors, tourist boards, travel agencies and other relevant institutions (\$8,200); and (b) costs relating to publicizing and promoting visits to the United Nations, including the printing and distribution of promotional brochures and other materials, advertising in travel and tourism industry publications and updating United Nations exhibits (\$216,200).

General operating expenses

- IS3.50 The requirements of \$71,400, reflecting an increase of \$13,800, would relate: (a) to the maintenance of office automation equipment (\$36,400) and cash registers, videotape players and monitors (\$19,300); (b) miscellaneous services, which include framing and mounting exhibit panels along the routes and minor modifications to exhibits (\$7,700); and (c) the maintenance of hand-held devices for communication between tour monitors and security officers at Headquarters (\$8,000).

Hospitality

- IS3.51 The hospitality requirement of \$4,400, at the maintenance level, covers the costs of events aimed at enhancing contacts with the New York City tourism industry, with a view to increasing the number of visitors to Headquarters and generating interest in improving the guided tour route.

Supplies and materials

- IS3.52 The requirements of \$151,700, reflecting an increase of \$40,100, cover the purchase of office supplies and related expenses (\$29,500) and the replacement cost of the guides' uniforms at Headquarters and Vienna (\$122,200). The increase reflects the replacement of uniforms.

Furniture and equipment

- IS3.53 The requirement of \$90,300, reflecting a decrease of \$8,300, covers: (a) the acquisition of software for central support and the replacement of office automation equipment and video and other exhibit materials, including equipment for the production of digital videodiscs (DVDs), at Headquarters (\$48,800); (b) the acquisition and replacement of data-processing equipment and printers, the purchase of a DVD player and the installation of a television screen in a public area at Vienna (\$12,500); and (c) the purchase of electronic display equipment for the two main entrances and a high-technology kiosk in the general waiting area at Geneva (\$29,000).

4. Revenue services of the Department of Economic and Social Affairs

Table IS3.17 Estimates of gross and net revenue

(Thousands of United States dollars)

	2002-2003 approved estimates	2004-2005 estimates	2004-2005 increase (decrease)
Statistics			
Gross revenue	1 245.0	1 201.2	(43.8)
Less expenses against revenue	869.0	830.5	(38.5)
Net revenue	376.0	370.7	(5.3)
Population			
Gross revenue	34.9	87.0	52.2
Less expenses against revenue	26.9	74.6	47.7
Net revenue	8.0	12.4	4.5
Total gross revenue	1 279.9	1 288.3	8.4
Less total expenses against revenue	895.9	905.1	9.2
Total net revenue	384.0	383.2	(0.8)

Table IS3.18 Summary of requirements by object of expenditure

(Thousands of United States dollars)

Object of expenditure	2000-2001 expenditure	2002-2003 appropri- ation	Resource growth		Total before recosting	Recosting	2004-2005 estimate
			Amount	Percentage			
Other staff costs	241.7	289.5	(1.1)	(0.3)	288.4	12.8	301.2
Consultants and experts	137.4	226.7	(34.8)	(15.3)	191.9	8.6	200.5
Travel of staff	176.3	246.4	(0.5)	(0.2)	245.9	10.9	256.8
Contractual services	42.2	62.9	(42.9)	(68.2)	20.0	0.8	20.8
General operating expenses	2.8	8.4	-	-	8.4	0.4	8.8
Supplies and materials	-	8.8	1.1	12.5	9.9	0.5	10.4
Furniture and equipment	56.7	53.2	48.9	91.9	102.1	4.5	106.6
Grants and contributions	-	-	-	-	-	-	-
Total	657.1	895.9	(29.3)	(3.2)	866.6	38.5	905.1

IS3.54 During the biennium 2004-2005, the sales activities of the Department of Economic and Social Affairs under this section will complement the work of subprogramme 7.5, Statistics, of programme 7, Economic and social affairs, of the medium-term plan for the period 2002-2005, as revised. The activities will aim at enhancing international statistical development and coordination and the collection, compilation and dissemination of statistical data. The activities are expected to be self-supporting from revenues generated by sales of statistical publications, data and services.

IS3.55 During the current biennium, similar sales activities of the Population Division have been established under this section. The activities will complement the work of subprogramme 7.6, Population, of programme 7, Economic and social affairs, of the medium-term plan for the period 2002-2005, as revised. These activities will aim at improving methodologies, data analyses, and developing custom demographic software in the areas of demographic estimates, population projections and policies, human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS), and interrelationships among population, resources, environment and development. The activities are self-supporting from revenues generated by sales of databases and software packages on subjects of world population estimates and projections, urban, rural and city population projections, national population policies, migrant stock and fertility trends.

Resource requirements (before recosting)

Other staff costs

IS3.56 The requirement of \$288,400, provides for 48 work-months of General Service staff to provide secretarial and administrative support and data collection.

Consultants

IS3.57 The requirements of \$191,900, reflecting a decrease of \$34,800, would cover: (a) the recruitment of consultants by the Statistical Division to assist in the data improvement project for better quality and a larger volume of Comtrade data, as well as in the development of client/server applications for the purpose of these activities (\$145,600), and (b) the recruitment of consultants by the Population Division to improve methodologies and data analyses, develop custom demographic software in the areas of demographic estimates, population projections, HIV/AIDS, population policies, and population-resources-environment-development interrelationships; and to enhance CD-ROM databases and web-based products (\$46,300).

Travel of staff

- IS3.58 The requirements of \$245,900, would cover: (a) the travel of staff from the Statistical Division in connection with attendance at various meetings to consult with other agencies and institutions on statistical data, databases and products (\$226,000); and (b) the travel of staff from the Population Division to obtain information on population issues (\$19,900).

Contractual services

- IS3.59 The requirements of \$20,000, reflecting a decrease of \$42,900, would cover the cost of preparing a CD-ROM sold jointly by the Statistical Division and the International Trade Centre UNCTAD/WTO. The decrease reflects the estimated requirements.

General operating expenses

- IS3.60 The requirements of \$8,400, at the maintenance level, would cover the cost of mailing tapes, diskettes and CD-ROMs to customers.

Supplies and materials

- IS3.61 The requirement of \$9,900, reflecting an increase of \$1,100, would cover the costs of computer supplies, such as diskettes and other expendable material.

Furniture and equipment

- IS3.62 The requirements of \$102,100, reflecting an increase of \$48,900, would cover: (a) the upgrade of the current server hardware and software, as well as the acquisition of new workstations and other equipment related to the sale of statistical products (\$99,300); and (b) the cost of software for enhancing web sites and improving databases for the sale of population products (\$2,800).

5. Sale of gift items

Table IS3.19 **Estimates of gross and net revenue**

(Thousands of United States dollars)

	2002-2003 approved estimates	2004-2005 estimates	2004-2005 increase (decrease)
Headquarters gift shop			
Gross revenue	967.0	967.0	-
Less expenses against revenue	-	-	-
Net revenue	967.0	967.0	-
ESCAP gift shop			
Gross revenue	23.1	(23.1)	-
Less expenses against revenue	19.5	(19.5)	-
Net revenue	3.6	(3.6)	-
Total gross revenue	990.1	967.0	(23.1)
Less total expenses against revenue	19.5	-	(19.5)
Total net revenue	970.6	967.0	(3.6)

Table IS3.20 **Summary of requirements by object of expenditure**

(Thousands of United States dollars)

Object of expenditure	2000-2001 expenditure	2002-2003 appropri- ation	Resource growth		Total before recosting	Recosting	2004-2005 estimate
			Amount	Percentage			
Other	-	19.5	(19.5)	(100.0)	-	-	-
Total	-	19.5	(19.5)	(100.0)	-	-	-

IS3.63 The gift shop at Headquarters provides staff, members of delegations in New York and visitors with United Nations mementoes and souvenirs, as well as handicrafts and other souvenirs from around the world. The gift shop at Headquarters is operated by a contractor who is required to provide the United Nations with a percentage of gross sales. As reported to the General Assembly in the context of the first performance report for the biennium 2002-2003 (A/57/616), the gift shop was adversely affected by the decrease in visitors to the complex following the events of 11 September 2001. The effect of the closure of the complex to visitors at the end of the 2001 and periodically in 2002 had a negative impact on the level of revenue. It is anticipated that net revenue for the biennium 2004-2005 will remain at the current level of \$967,000.

IS3.64 ESCAP maintains a gift and souvenir shop, which has operated only during conferences, meetings and other events. Given the low level of commercial activity and minimum revenue, ESCAP has decided to discontinue this operation. It is expected that the current inventory will be sold out by the end of the current biennium.

6. News-stand operations

Table IS3.21 **Estimates of gross and net revenue**

(Thousands of United States dollars)

	2002-2003 approved estimates	2004-2005 estimates	2004-2005 increase (decrease)
Revenue	200.0	200.0	-
Total	200.0	200.0	-

IS3.65 The news-stand, located in the Secretariat building, provides delegations and staff with newspapers, magazines and sundry items and is operated by a concessionaire. Under the current agreement, the contractor pays the United Nations \$100,000 yearly and 15 per cent of gross receipts above \$700,000. The income from this activity is expected to remain at \$200,000 for the biennium 2004-2005.

7. Garage operations

Table IS3.22 **Estimates of gross and net revenue**

(Thousands of United States dollars)

	2002-2003 approved estimates	2004-2005 estimates	2004-2005 increase (decrease)
Headquarters			
Gross revenue	2 087.4	1 979.8	(107.6)
Less expenses against revenue	1 214.5	836.8	(377.7)
Net revenue	872.9	1 143.0	270.1
Geneva			
Gross revenue	331.6	365.0	33.4
Less expenses against revenue	355.0	363.8	8.8
Net revenue	(23.4)	1.2	24.6
Bangkok			
Gross revenue	62.5	45.6	(16.9)
Less expenses against revenue	27.9	38.1	10.2
Net revenue	34.6	7.5	(27.1)
Total gross revenue	2 481.5	2 390.4	(91.1)
Less total expenses against revenue	1 597.4	1 238.7	(358.7)
Total net revenue	884.1	1 151.7	267.6

Table IS3.23 **Summary of requirements by object of expenditure**

(Thousands of United States dollars)

Object of expenditure	2000-2001 expenditure	2002-2003 appropriation	Resource growth		Total before recosting	Recosting	2004-2005 estimate
			Amount	Percentage			
Posts	802.7	963.0	-	-	963.0	41.4	1 004.4
Other staff costs	425.1	45.2	7.8	17.2	53.0	2.0	55.0
General operating expenses	206.2	566.7	(403.9)	(71.2)	162.8	7.2	170.0
Supplies and materials	36.7	22.5	(13.6)	(60.4)	8.9	0.4	9.3
Other	16.8	-	-	-	-	-	-
Total	1 487.5	1 597.4	(409.7)	(25.6)	1 187.7	51.0	1 238.7

Table IS3.24 Post requirements

Category	Established regular budget posts		Temporary posts				Total	
	2002-2003	2004-2005	Regular budget		Extrabudgetary		2002-2003	2004-2005
			2002-2003	2004-2005	2002-2003	2004-2005		
General Service								
Other level	4	4	-	-	-	-	4	4
Subtotal	4	4	-	-	-	-	4	4
Other categories								
Security Service	2	2	-	-	-	-	2	2
Subtotal	2	2	-	-	-	-	2	2
Total	6	6	-	-	-	-	6	6

- IS3.66 The garage operations at Headquarters, Geneva and Bangkok provide parking facilities for delegates and staff under conditions and at rates established by the United Nations.

Resource requirements (before recosting)

Posts

- IS3.67 The requirements, \$963,000, at the maintenance level, are for the continuation of four posts at Headquarters, including the continuation of two General Service (Other level) posts and two Security Service posts, and two General Service (Other level) posts at Geneva, in both cases responsible for the issuance of parking permits and decals, for the maintenance of databases of permit holders and applicants from both the permanent missions of Member States and the staff, and for the patrolling of the garage premises.

Other staff costs

- IS3.68 The requirements, \$53,000, reflecting an increase of \$7,800, relate to: (a) a provision of \$32,800 to fund requirements for administration and control of attendance of the garage operation in Bangkok; and (b) provision of overtime (\$20,200), at the maintenance levels, for the Garage Administration at Headquarters to meet extended working time requirements, in particular during the sessions of the General Assembly. The increase reflects additional requirements in Bangkok for the provision of security.

General operating expenses

- IS3.69 The requirements under this heading (\$162,800), reflecting a decrease of \$403,900, would cover a provision for outside contractors to provide for miscellaneous maintenance services required in the garage operation at Headquarters. The decrease relates to the discontinuance of a non-recurrent provision during the current biennium to cover the costs of painting the garage at Headquarters.

Supplies and materials

- IS3.70 The estimated requirements of \$8,900, reflecting a decrease of \$13,600, relate to supplies and materials required for the garage operations at Headquarters (\$4,900) and at Bangkok (\$4,000), such as parking tickets, receipts, stickers and specialized laminated supplies.

8. Catering operations

Table IS3.25 **Estimates of gross and net revenue**

(Thousands of United States dollars)

	2002-2003 approved estimates	2004-2005 estimates	2004-2005 increase (decrease)
Catering, Headquarters			
Gross revenue	298.5	961.5	663.0
Less expenses against revenue	911.6	952.1	40.5
Net revenue	(613.1)	9.4	622.5
ESCAP cafeteria			
Gross revenue	98.6	41.6	(57.0)
Less expenses against revenue	60.6	33.1	(27.5)
Net revenue	38.0	8.5	(29.5)
Total gross revenue	397.1	1 003.1	606.0
Less total expenses against revenue	972.2	985.2	13.0
Total net revenue	(575.1)	17.9	593.0

Table IS3.26 **Summary of requirements by object of expenditure**

(Thousands of United States dollars)

Object of expenditure	2000-2001 expenditure	2002-2003 appropri- ation	Resource growth		Total before recosting	Recosting	2004-2005 estimate
			Amount	Percentage			
Other staff costs	141.8	155.8	-	-	155.8	6.8	162.6
General operating expenses	708.3	816.4	(28.6)	(3.5)	787.8	34.8	822.6
Total	850.1	972.2	(28.6)	(2.9)	943.6	41.6	985.2

IS3.71 The catering contract for Headquarters will be granted to a new contractor during the first half of 2003. The new contract will have a limited duration of three years owing to the commencement of the renovation of the Secretariat building by 2006 under the capital master plan. During the new contractual period, an investment of \$1,000,000 in the catering facilities (including furnishings of the main cafeteria and upgrade of the DC-1 and UNICEF cafeterias) and reimbursement of all related costs (estimated at \$921,000) by the contractor is foreseen under the terms of the contract.

IS3.72 The catering service in ESCAP is a self-supporting activity which generates only incidental incomes beyond the requirements for maintenance and replacement of kitchen equipment and catering furniture.

Resource requirements (before recosting)

Other staff costs

IS3.73 The requirement of \$155,800, at the maintenance level, covers general temporary assistance to administer and monitor the contract at Headquarters.

General operating expenses

- IS3.74 The requirement of \$787,800 relates to: (a) the cost of utilities for the catering operation at Headquarters (\$755,800); and (b) the maintenance of kitchen equipment and furniture in the ESCAP cafeteria (\$32,000).

9. Other commercial operations**Table IS3.27 Estimates of gross and net revenue**

(Thousands of United States dollars)

	2002-2003 approved estimates	2004-2005 estimates	2004-2005 increase (decrease)
Vienna commercial activities			
Gross revenue	46.4	57.7	11.3
Less expenses against revenue	12.0	51.6	39.6
Net revenue	34.4	6.1	(28.3)
ECA Conference Centre			
Net revenue	280.0	342.8	62.8
ESCAP Conference Centre			
Gross revenue	545.3	424.9	(120.3)
Less expenses against revenue	490.1	375.8	(114.3)
Net revenue	55.2	49.1	(6.0)
Total gross revenue	871.7	825.4	(46.3)
Less total expenses against revenue	502.1	427.4	(74.7)
Total net revenue	369.6	398.0	28.4

Table IS3.28 Summary of requirements by object of expenditure

(Thousands of United States dollars)

Object of expenditure	2000-2001 expenditure	2002-2003 appropri- ation	Resource growth		Total before recosting	Recosting	2004-2005 estimate
			Amount	Percentage			
Other staff costs	14.3	258.1	6.9	2.6	265.0	9.1	274.1
Travel of staff	-	10.0	(3.7)	(37.0)	6.3	0.2	6.5
Contractual services	2.3	-	8.0	-	8.0	0.2	8.2
General operating expenses	-	26.0	22.2	85.3	48.2	1.9	50.1
Supplies and materials	-	22.0	(11.1)	(50.4)	10.9	0.4	11.3
Furniture and equipment	-	186.0	(111.5)	(59.9)	74.5	2.7	77.2
Total	16.6	502.1	(89.2)	(17.7)	412.9	14.5	427.4

- IS3.75 United Nations promotions and exhibits, a coffee shop, a hairdresser and a flower shop occupy space on the premises of the Vienna International Centre. The coffee shop, hairdresser and flower shop are administered by the United Nations and operated by contractors. These contractors reimburse the United Nations for all utility costs and also pay either a fixed annual fee or a percentage of their gross revenue to the United Nations Office at Vienna.

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- IS3.76 For the biennium 2004-2005, the total gross revenue to be received from the contractors is estimated at \$57,700, generated by the coffee shop (\$24,400), hairdresser (\$16,500) and flower shop (\$16,800).
- IS3.77 The other component under this heading relates to the ESCAP and ECA conference centres. For the biennium 2004-2005, the total gross revenue of the ESCAP Conference Centre is estimated at \$424,900, resulting from the rental of the Conference Centre to other organizations. The estimated expenses would cover the Centre's maintenance costs in a proportion relating to the rental activities. Net revenue resulting from the rental of the ECA Conference Centre is estimated to continue at \$342,800. The maintenance costs are accounted for in a centralized manner under the Centre expenditure account.

Resource requirements (before recosting)

Other staff costs

- IS3.78 The requirements of \$265,000 would cover the costs associated with administration of the commercial contracts for the operations described above, including: (a) \$42,100 for general temporary assistance provisions in Vienna; (b) \$159,500 in Bangkok for general temporary assistance equivalent to two Local level posts for administrative activities related to the rental of the Conference Centre; and (c) \$63,400 in overtime and night time differential expenses incurred by security officers and temporary staff to provide assistance with exhibition-related activities and audio-visual arrangements.

Travel of staff

- IS3.79 The new requirements of \$6,300 would cover the travel of staff to represent ESCAP at the annual meeting of conference service managers convened annually by the Department for General Assembly and Conference Management in New York and Geneva, and to attend regional meetings to promote the ESCAP Conference Centre.

Contractual services

- IS3.80 The requirement of \$8,000, in Vienna, would cover the cost of contractual services related to services to the public at the Vienna International Centre.

General operating expenditures

- IS3.81 The requirements of \$48,200 in ESCAP would cover the cost of rental of equipment (\$10,200) contractual cleaning services (\$10,000), utilities (\$14,200), rental of equipment (\$4,700) and the cost associated with the rental and utilization of telephone lines (\$9,100).

Supplies and materials

- IS3.82 The requirements of \$10,900 in ESCAP would cover the acquisition of information kits, pamphlets, promotional materials and public information supplies.

Furniture and equipment

- IS3.83 The requirements of \$74,500 in ESCAP would cover the acquisition and/or replacement of meeting chairs, monitors, a liquid crystal display projector, two notebook computers, one photocopy machine, eight wireless microphones and two digital tape recorders.

B. Programme support**Revenue Accounts Unit****Table IS3.29 Summary of requirements by object of expenditure**

(Thousands of United States dollars)

Object of expenditure	2000-2001 expenditure	2002-2003 appropri- ation	Resource growth		Total before recosting	Recosting	2004-2005 estimate
			Amount	Percentage			
Posts	636.6	749.6	(144.6)	(19.2)	605.0	35.4	640.4
Total	636.6	749.6	(144.6)	(19.2)	605.0	35.4	640.4

Table IS3.30 Post requirements

Category	Established regular budget posts		Temporary posts				Total	
	2002- 2003	2004- 2005	Regular budget		Extrabudgetary		2002- 2003	2004- 2005
			2002- 2003	2004- 2005	2002- 2003	2004- 2005		
Professional and above								
P-4/3		1	1	-	-	-	1	1
Subtotal		1	1	-	-	-	1	1
General Service								
Other level		3	2	-	-	-	3	2
Subtotal		3	2	-	-	-	3	2
Total		4	3	-	-	-	4	3

Resource requirements (before recosting)*Posts*

- IS3.84 The requirements of \$605,000, reflecting a decrease of \$144,600, provide for the continuation of one P-4 and two General Service (Other level) posts responsible for revenue accounting. The decrease reflects the abolition of one General Service (Other level) post in the light of the overall reduction in the level of operation in revenue-producing activities.

Table IS3.31 **Summary of follow-up action taken to implement relevant recommendations of the Advisory Committee on Administrative and Budgetary Questions**

<i>Brief description of the recommendation</i>	<i>Action taken to implement the recommendation</i>
Advisory Committee on Administrative and Budgetary Questions (A/56/7, chap. II)	
With regard to garage operation at Headquarters, the Advisory Committee recommended that there be better coordination of repairs and maintenance in order to minimize the inconvenience to delegates and staff (para. IS3.3)	The Facilities Management Division strives to make necessary repairs and maintenance in the garage, including in times of emergency situations, with a view of minimizing the inconvenience to delegates and staff
The Advisory Committee noted that the recommendation of the Committee in paragraph IS3.2 of its first report on the proposed programme budget for the biennium 2000-2001 (A/54/7) to analyse the full implications of the payment of local taxes on the sale of gift items was still under review. The Committee pointed to what appeared to be an inordinate delay in completing the review and requested that the results be made known to the General Assembly through the Advisory Committee in time for it to be taken into account during the consideration of the proposed programme budget (para. IS3.4)	The matter is still under study and will be reported on at the time of the review of this section by the Advisory Committee
With respect to the United Nations Postal Administration (see A/55/546, paras. 16-21), the Advisory Committee stated that in view of the continuing decline in income from the sale of stamps and even the potential for a loss, it was of the view that there was a need for a fundamental rethinking of the way the activity was run; that the possibility of outsourcing the activity to an enterprise specializing in the production and marketing of philatelic material should be explored; and that the matter of negotiating more favourable rates of reimbursement to be paid by the United Nations to the United States Postal Service should be explored (para. IS3.8)	Following an extensive market survey, UNPA launched in the last quarter of 2002 a request for proposal for the outsourcing of UNPA operations in New York. Unfortunately, only one company submitted a partial proposal, which was found to be technically unacceptable and also economically not viable. UNPA is currently reviewing the requirement to determine whether outsourcing of some of its functions, if not all, could be a viable and economic alternative. The results will be reported to the General Assembly at the fifty-eighth session in the context of the scheduled report on the future of UNPA

<i>Brief description of the recommendation</i>	<i>Action taken to implement the recommendation</i>
In connection with the United Nations bookshop, the Advisory Committee stated that it was in agreement with the recommendation of the Secretary-General that the United Nations consider using a contractor with book and/or retail experience (A/55/546, para. 27). In the opinion of the Committee, the choice of contractor was particularly important, bearing in mind the unique opportunity the bookshop presented for retailing (on-site, through mail order and on the Internet) a wide range of materials related not only to United Nations publications and the United Nations itself, but also to United Nations themes such as disarmament, humanitarian activities, development and so on (para. IS3.10)	The Section is currently in the process of undertaking a request for proposal for the management of the bookshop. A similar request was undertaken in 2002. Only one vendor responded and is currently staffing the shop. It is agreed that the bookshop has a need for a management company that has retail experience. The Procurement Division is currently undertaking a second request for proposal in the hope that we will locate a vendor that better suits the needs of the operation. It should be noted that total outsourcing of the bookshop is not advisable. The Organization can react faster to events when it has control of its operations, as in the case of the bookshop
With respect to catering services (see <i>ibid.</i>, paras. 32 and 33), the Advisory Committee stated that it was of the opinion that there is a need for a re-examination of the catering operations at the United Nations and the actual cost to the United Nations. The specific catering requirements of delegations, staff and the general public should be taken into account. In this connection, the Committee recalled that the matter of upgrading the visitors' coffee shop was covered in the report of the Secretary-General on the United Nations visitors' experience (A/55/835). The Committee was of the opinion that the business potential for a catering operation at the United Nations was such that contractual arrangements could be concluded that would be financially attractive to both the contractor and the United Nations while preserving the unique character of the United Nations site. The Committee was informed that the contract with the current contractor for operation of the Staff Caf��, the cafeteria and the Delegates' Dining Room would be expiring in April 2003. The Committee requested that it be consulted before the conclusion of any new arrangement (para. IS3.12)	In early February 2003, the Advisory Committee was briefed on the results of the bidding exercise, which was then under way to select a new catering contractor. A new vendor has now been selected. As is the case with the incumbent, the new contractor will pay the United Nations approximately \$500,000 in rental charges annually as well as reimburse the United Nations for charges incurred in support of their activities taking place outside regular hours. Additionally, the new contractor will pay the United Nations a royalty amounting to 15 per cent of the gross revenue earned from catering for outside functions and will invest \$1,000,000 in replacements and upgrades of catering facilities. The initial contractual term for this operation will be three years, with an additional three terms of one-year extensions

Income section 3 Services to the public

*Brief description
of the recommendation*

The Advisory Committee recommended that contractual arrangements include a provision for annual independent auditing, to be conducted at the expense of the contractor. Moreover, those arrangements should be based on a fair market return to the United Nations for space occupied by the contractors (para. IS3.13)

*Action taken to implement
the recommendation*

The Office of Central Support Services has taken note of the recommendation that contractual arrangements should include a provision for annual independent audits to be conducted at the expense of the contractor. In that regard, a clause has been inserted that independent audits of the contractor's financial records be conducted as and when required. However, the Office is of the view that the audit costs should be borne by the United Nations and not by the contractor, in order to ensure the auditors' impartiality
